Department of Finance

News Release

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Canada's New Government Provides an Incentive to Get Life-Saving Drugs to Developing Countries

The Honourable Jim Flaherty, Minister of Finance, today visited the Health Partners International of Canada distribution centre to emphasize how Budget 2007 creates an additional incentive for drug manufacturers to donate medicines from their inventory to the developing world.

"There are people in Africa and in developing countries around the world in desperate need of medicines like the ones in this very facility," said Minister Flaherty. "It's unacceptable to Canadians that pharmaceuticals remain on shelves while people are suffering from life-threatening diseases. I encourage all Canadian manufacturers to step up and donate more medicines to worthwhile charities, getting them off the shelves and into the hands of those who would most benefit from them."

"This budget initiative will help Canada's efforts to support developing country strategies for meeting the critical health needs of their populations," said the Honourable Josée Verner, Minister of International Cooperation and Minister for La Francophonie and Official Languages.

Under the Budget 2007 measure, corporations donating medicines from their inventory can claim a tax deduction equal to the cost of the donated medicine or half the amount by which the fair market value of the donated medicine exceeds its cost, whichever is less. This is on top of the deduction corporations can already claim of the fair market value of any property donated to a registered charity or government body. This additional deduction will be available only when the donation is made to a registered charity that has received funding through the Canadian International Development Agency, and if the gift is intended for charitable activities outside of Canada.

"We applaud the Government for this fiscal measure which, we believe, will increase our capacity to provide needed medical aid to suffering people in the developing world," said John Kelsall, President of Health Partners International of Canada. "Health is the foundation of community development but access to quality medicine is often the missing component. Canada has taken an important step to fill that gap."

This tax incentive is just one of the Budget 2007 initiatives to reduce global poverty and contribute to international peace and security. Other measures include:

- Investing an initial $115 million and up to $230 million over time towards the Advance Market Commitment to create a pneumococcal vaccine, expected to save more than 5 million lives in the developing world by 2030.

- Providing $200 million in additional support for reconstruction and development in Afghanistan, with a focus on new opportunities for women, enhanced security and combatting illegal drugs.

- Confirming Budget 2006's commitment to double international assistance by 2010–11 from 2001–02 levels, while setting out a plan to enhance the focus, efficiency and accountability of Canada's international aid efforts.

"This tax incentive will make a real difference in the lives of those living in developing countries," said Minister Flaherty. "Our government is committed to working with the corporate community to uphold the values that Canadians cherish like generosity, compassion and kindness."

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